

Justice and the Foundations of Economic Thought

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## Justice and the Foundations of Economic Thought

By MORRIS A. COPELAND\*

ABSTRACT. *Justice* in the economy is a subject of renewed interest among contemporary economists. In the growing literature, *Joseph A. Spengler's Origins of Economic Thought and Justice* may become a standard reference work. Its great merit is the way it handles *values* and *value judgments*. *Economics* as an objective science cannot tell us anything about ends, Spengler holds, but it illuminates valuation and facilitates isolation of *costs* and some *benefits* of realizing ends. Still, economists "need to base their policy-oriented arguments on *distributive justice* and not on *efficiency*."

THE TITLE OF JOSEPH J. SPENGLER'S new book, *Origins of Economic Thought and Justice*,<sup>1</sup> suggests that its author thinks it may become a standard reference book. Quite possibly it will. Spengler's approach is selectively historical. He gives particular attention to what Aristotle had to say about justice. In Aristotle's ideal State, "Justice was the bond that held men together."

Aristotle distinguished three forms of particular justice—distributive, corrective and commutative. Corrective justice is concerned to provide a remedy by legally taking away from an aggressor any benefit he has unlawfully obtained. Commutative justice requires that there be equality in exchange. When "A gives up C to B in exchange for D, the money values of C and D are equal, and each exchanger expects to derive more want-satisfaction from that which he acquires than from that he surrenders in exchange for it."

Distributive justice required that what is "distributed should be distributed according to merit in some sense, with merit defined in keeping with the

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criteria accepted in a society." "Given money to make goods commensurate, exchange took place between two persons when . . . each party to the exchange stood to benefit." "There being then a just exchange ratio or range of ratios exchange outside this range was unjust." "Aristotle ruled out the taking of interest" (N.E. 1122<sup>b</sup>; Pol. 12586) and charging more" than "what was just."

Aristotle "believed that a moderate amount of external goods was essential to the good life, a greater amount being unfavorable." He thought there should be a strong and educated middle class and that no individual or class should be allowed to become too powerful.

The principal other writers of the period before the modern era to whom Spengler gives some attention are Cicero and St. Thomas Aquinas. Neither of them seems to have had anything new to say about justice.

During the 14th century there was a partial replacement of Catholic doctrine by Protestant doctrine. There was to some extent a separation of Church and State and a development of religion outside the Church, and private enterprise capitalism came into being.

During the 18th century "the greatest happiness of the greatest number" became a widely accepted social objective. In "the 19th century and the early 20th" it was quite generally assumed that, with a sovereign authority to maintain law and order, "when each individual pursued his own self-interest, the result would be the greatest happiness to the greatest number."

In the late 19th century and the early 20th there were a number of somewhat unrelated developments: a "marginal revolution" in economic theory in the 1870s, elaboration by Pigou of Marshall's welfare theory, attacks on utilitarianism by T. H. Green, F. H. Bradley, and Bernard Bosanquet, the rise of an historical school of economics in Germany, a critique of economic theory by Frank H. Knight, and in the realm of orthodox economics a somewhat revolutionary "recognition that the optimum state associated with competitive equilibrium did not coincide with what might be called the welfare-optimum."

The great merit of Spengler's book is the way it handles values and value judgments. To bring this out I offer a somewhat condensed version of his final section, which has the title: "Conclusions."

"Economic welfare is a subject in which rigor and refinement are probably worse than useless. Rough theory, or good common sense is, in practice, what we require."

Economics "*qua* economics cannot tell us anything about the comparative merits of ends, though it does illuminate the valuation process and facilitate the isolation of the material or resource costs of realizing ends, together with

at least some of their benefits.”

Ethical “issues probably command more attention today than ever before.”

Economists “need to base their policy-oriented arguments on distributive justice and not on efficiency.”

“Individuals, not the State, should be in control when markets function well” and “factors of production receive their marginal produce.”

The “assistance of government is indicated only when externalities and market imperfections are present.” Of course, “when rights of property have not been well defined or assigned, the courts may have to define these rights. Moreover there may be need for governmental action to remove restraints on the movement of factors.”

Most writers agree that “individuals have the right to freedom of procreative choice, though subject to the obligation to respect the freedom of others and the requirements of the common good.”

When the results produced by the market mechanism are found to be not in accord with the desires of a community or people, “. . . this . . . may be the product of eliminatable deficiencies in the market mechanism . . . it usually flows from disparity between economic results and that which current value attitudes sanction”. “. . . Bringing both economic and political considerations to bear on this and related or parallel issues discussed under the head of collective and public goods, externalities, and ‘public choice,’ involves solution of various technical problems in the realm of *Public Choice*.”

#### Note

1. Joseph A. Spengler, *Origins of Economic Thought and Justice* (Carbondale, Ill. 62901: Southern Illinois Univ. Press, 1980), \$15.

### *To Improve Research in Crime*

A POSTDOCTORAL PROGRAM in quantitative methods in criminal justice is being offered by the School of Urban and Public Affairs of Carnegie-Mellon University. The program is intended to bring together specialists in disciplines studying the problems of crime with persons whose training is in methodology. Funding by the National Institute of Mental Health covers all training costs and provision of research resources as well as a stipend of at least \$13,380. A few predoctoral fellowships also are available. Contact Professor Alfred Blumstein, School of Urban and Public Affairs, Carnegie-Mellon University, Pittsburgh, Pa. 15213.